GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:730
ANSWERED ON:18.07.2002
LOSSES OF HMT BANGALORE
K.H. MUNIYAPPA

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the HMT Bangalore unit is running under losses;

(b) if so, the details of loss incurred by HMT during each of the last three years, till date;

(c) whether the Ministry is planning to introduce fresh VRS to reduce the extra work force;

(d) if so, the details thereof;

(e) whether the Government are planning to restructure the HMT; AND

(f) if so, the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA)

(a) & (b) Yes, Sir. HMT as a whole and some of its units/subsidiaries individually are incurring losses. Details of losses incurred in last three years by HMT including its subsidiaries are as under:-

Year	Loss (Rupees in crores)
1999-2000	294
2000-01	137
2001-02	188

(c) &(d) HMT has been operating VRS from time to time for rightsizing manpower.The revival plan 2000 envisaged reduction of manpower to an extent of 6947 during 2000-2001 and 2001-2002 in HMT. So far total 6959 employees have been separated during the last two years.

(e) & (f) The revival plan 2000 under implementation includes organizational and financial restructuring. Watch and Machine Tools Business group has been converted into three separate subsidiaries namely:-

i. HMT Watches Ltd., Bangalore
ii. HMT Chinar Watches Ltd., Srinagar
iii. HMT Machine Tools Ltd., Bangalore.

> This restructuring would help closer monitoring of the individual subsidiaries and inter alia facilitate successful strategic disinvestments of various subsidiaries.

With regards to the financial restructuring, Government have provided the following assistance:-

1. Fresh infusion Rs.250 crore equity.

2. Plan investment of Rs.7.20 crore.

3. Conversion of Rs.39.70 crore loan into equity.

4. Waiver of interest of Rs.12.74 crore.

5. Guarantee fee subsidy @1% for VRS bonds of Rs.469.00 crore.

6. 50% Interest subsidy on VRS bonds.

7 Budgetary support for salary & wages for Srinagar Watch Factory for three years i.e. upto 2002-03.

8. Guarantee for working capital bonds of Rs.40.40 crores for Watch Group for 2 years.